Discounters Try to Reduce Swelling Health Care Costs

By BETH A. SEXER

• Jamesway is increasing employee deductibles from $100 to $150 beginning next year.

• Service Merchandise has instituted a reward program for employees who find errors in their hospital bills.

• Gold Circle and Richway have begun to require second opinions before surgery is covered.

Discount retailers are trying to keep pace with the rising cost of health care.

Several discounters reported the cost of providing health care insurance for their employees has been rising at a rate of 10% to 20% per year and say they don't expect to be able to totally halt increases in the face of escalating medical costs and inflation. However, they say they are taking steps to guard against even larger cost jumps.

Strategies implemented by retailers and other corporations include sharing more of the financial burden for medical costs with employees; reducing unnecessary treatments and surgical procedures by requiring employees to seek second opinions; encouraging employees to opt for outpatient treatment as opposed to hospital stays and helping employees pursue a healthier lifestyle.

With these steps, retailers have joined a nationwide trend toward containing health care costs. According to an annual national health expenditure report, due this fall in the *Health Care Financing Review* (a publication of the Health Care Financing Administration, a federal agency), health expenditures in the United States rose 9.1% between 1983 and 1984, the lowest level of increase in 20 years. Percentage increases have been steadily declining since 1980, the peak year for rising spending—between 1979 and 1980, health care spending rose a record 15.3%.

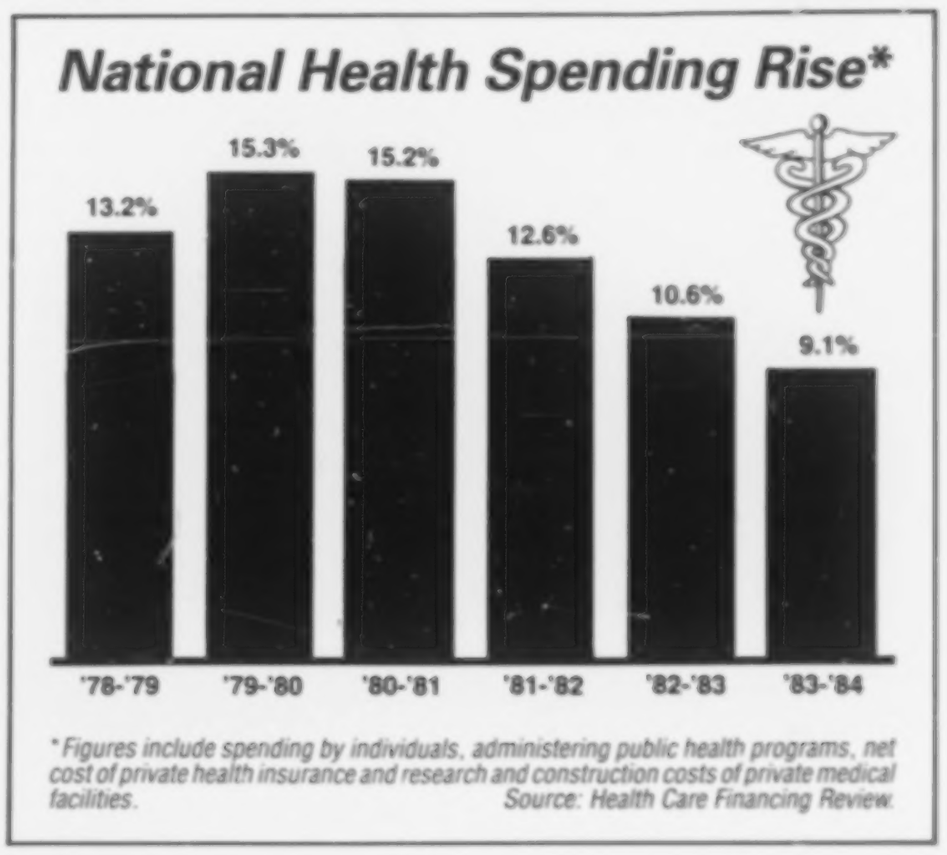
Corporate efforts to contain the cost of health care is one reason the nation's overall health expenditures have fallen, states the annual report.

A surge in health care costs in the early 1980's made companies, including retailers, take notice, and beginning around 1982, they began to act. Said Jamesway vp, personnel Jerry Fitzgerald, "1982 was the year when we all first became aware of the spiraling costs and started to become more active in seeking ways to offset those costs."

That struggle is an ongoing one, with discounters like Jamesway, Service Merchandise, Richway, Gold Circle, T.G. & Y. and Rose's continuing to develop a mixed bag of strategies aimed at attacking costs from several angles.

Starting in 1986, Jamesway employees will have to satisfy a $150 deductible per person, as opposed to the current $100 deductible before moving to an 80%/20% co-payment insurance plan, said Fitzgerald. Any Jamesway employee working over 28 hours per week is entitled to the medical benefits plan, he added.

(Continued on page 82)



*Figures include spending by individuals, administering public health programs, net cost of private health insurance and research and construction costs of private medical facilities. Source: Health Care Financing Review

Chains Adopt Varied Programs To Encourage Staff 'Wellness'

Nationwide DSN Report

In a recent "fight flab" program, conducted about twice a year by Service Merchandise, almost 1,200 employees pledged $5 they would lose 10 lb. or more by the end of three months.

At the end of three months, 336 winners (or losers) split the pot, each becoming, beside at least 10 lb. poorer, $36.18 richer, said Gregg Conroy, manager of employee benefits.

Discounters agree programs like these that encourage "wellness" among employees do not have an immediate—or measurable—impact on decreasing health care costs. However, they are being used more and more to promote awareness about health issues and to urge employees to participate in activities that in the long run may help prevent illnesses.

"We've raised deductibles. We've increased employee contribution, put in co-insurance levels, encouraged outpatient treatment—our alternatives are running short. So now we're looking at other ways to encourage healthful lifestyles," said Roger Smith, manager of group benefits for Federated, parent company of Richway and Gold Circle.

(Continued on page 82)

Redone Richway Gives Men's Center Turf

Center-of-the-store location and fashion displays for men's wear are among key features of Richway's new Atlanta prototype store. Story, photos on page 73.

Shareholder Suits Attack Proposed SCOA Buyout

COLUMBUS, Ohio — Five separate shareholder lawsuits challenging the proposed $637 million leveraged buyout of SCOA Industries have been filed in Delaware courts.

The suits, according to attorneys for the shareholders, are expected to be combined into a single class action challenging the offer as "grossly inadequate," and seeking "fair value" for SCOA stock.

In a separate action, Lincoln Capital Management Co., a Chicago investment consultant for pension funds, which holds 7% of SCOA's outstanding shares, has filed a 13D statement with the Securities and Exchange Commission calling the offer inadequate.

SCOA attorneys say they don't expect the actions to delay the issuance of a proxy within the next 30 days detailing the $637 million offer made by a group that includes four present and past SCOA executives. The offer calls for stockholders to receive $30 in cash and $5 in liquidation value of a new class of junior preferred stock for each SCOA share.

SCOA's board had obtained fairness opinions on the offer from two investment banking firms, Shearson Lehman Brothers and Bear, Stearns & Co. They advised that it was "fair to holders from a financial point of view."

A Lincoln executive said the offer was "on the light side" as it doesn't offer any premium over the stock's price on the day the proposed buyout was announced.

He said an offer that was just all cash, didn't include the "junk preferred," and was $2-$4 more than the buyout's $35 package would be a "realistic" price and a "fairer deal." The higher offer, he added, would still allow the buyout group to put together and finance a deal.

"There is a limit on what they can pay [to shareholders] and still do a leveraged buyout," he said. "The $35 package isn't worth $35" as the preferred stock "is a low quality dividend that's unlikely to pay any money in its first four years and isn't worth $5," he added.

The buyout group is headed by the Thomas H. Lee Co., a Boston firm that specializes in such deals, working with Drexel Burnham Lambert, a New York securities company. It includes at least four current and past SCOA family executives: George R. Friese, president; Larry Voelker, vice president-finance and treasurer; Herbert H. Goldberger, a director and retired president of the subsidiary Hills discount store division, and Stephen H. Goldberger, his son and current Hills president.

SCOA has hired a public relations firm to field questions about the buyout. A spokesman said "we regard the class action suit as completely without merit."

Referring to Lincoln's contention, he added: "We feel there is a premium in the buyout price; the proxy will show that SCOA was in discussions with other parties and the buyout offer was the best available terms."

Downplaying the threat of the class action suit, an SCOA attorney said such suits "aren't unusual in mergers."

He asserted: "There have been lots of rumors about an acquisition of SCOA, and this boosted the price. If there hadn't been expectations of a takeover, I doubt the price would be this high. The price has a built-in premium, especially if compared to the lower price the stock traded during the past 12 months."

Last year, the stock's price ranged from 19¼ to 29, while this year the price has moved in a 22½ to 33 range and has hovered around 31 to 32 in recent weeks.

"The market has spoken," the public relations spokesman said.

(Continued on page 81)

Seen Eliminating Inequities

Discounters Support Reagan Tax Plan

WASHINGTON — Discount chain industry leaders are rallying to support President Reagan's tax "reform" plan as a vehicle for easing the tax bite on retailers and eliminating "inequities" in the present system.

Representatives from the Association of General Merchandise Chains offered a solid endorsement of the administration's proposal late last month, maintaining that the tax "simplification" legislation advanced by the White House will produce a "more even-handed tax system [which] would better recognize the contribution that the retailing and service industries make to the overall economy."

Officials from the National Mass Retailing Institute have adopted a similar position and are planning a major "grassroots" lobbying campaign early next month aimed at pressuring Congress to act on the President's tax plan this session.

"Although there are provisions in the administration's pending tax reform legislation which would affect our members adversely, on balance the changes proposed by the President are good for retailing and good for the country," NMRI Government Relations Vice President Robert Verdisco told *Discount Store News*. "We believe the reforms contained in this legislation will be very helpful in correcting the unfairness in the present tax system."

K mart Executive Committee Chairman Robert Dewar struck a similar note in testimo-

(Continued on page 82)

Robert Dewar

HARDWARE SHOW

1st Half Fine After Surge In 2nd Qtr.

By ARNOLD REINHARD
VP, Sales/Marketing, Schreiber Co.

Overall business in the first half of 1985 ended up fine. There was some slack in the first quarter of the year, but the business came up quite a bit in the second quarter.

One thing that hasn't slacked is retailers' promotional levels. Not too many are raising their promotional expenditures, but I don't know of anybody that's cut them.

Hand tools are doing well, with power rules continuing to be a popular category. A particularly good promotional piece was the Stanley 33-312 12-ft. power rule, at a common ad price of $7.99. Another good mover was the Arrow JT-21 staple tacker.

Coming up in the fall, you'll see sledgehammers and axes will get much stronger promotional support and movement.

The power tool business has been kind of flat this year, with

(Continued on page 26)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	HAND TOOLS			
1	Arrow T-50 Staple Gun Tack	657	16.97	11,148.96
2	Stanley 11-921 Heavy Duty Blade	8,422	1.27	10,687.52
3	Stanley 33-312 12' Power Rule	972	9.18	8,922.96
4	Stanley 33-425 25' Tape Rule	641	13.43	8,610.23
5	Juri B-103 Tool Holder	705	11.39	8,032.77
6	Stanley 33-212 12' Power Rule	979	7.28	7,123.69
7	Stanley 34-500 L. Tape 100'	915	11.88	7,104.42
8	Arrow T-55 Staple Gun Tack	915	13.70	7,096.79
9	Stanley 10-099 Retract Knife	2,027	3.44	6,976.80
10	Arrow JT-21 Staple Tacker	729	9.13	6,652.85
11	Juri N-453 Nail Bag	626	10.19	6,380.51
12	Stanley 42-248 48" Alum Level	488	12.68	6,186.13
13	Stanley 51-616 16 oz. Hammer	1,000	5.90	5,899.50
14	Stanley 30-516 16' Tape Rule	753	7.67	5,899.50
15	Stanley 33-116 16' Power Rule	501	11.39	5,708.39
	LOCKS			
1	Harlock T-700 US3 Entry Module	3,120	10.95	34,157.76
2	Master 1500D Comb Padlock	3,139	3.40	10,676.88
3	Harlock UR 700-M-DL US3 Entry	676	14.60	9,870.95
4	Harlock T-700-DL US5 Entry	652	11.62	7,567.24
5	Master 500D Padlock 1⅞	2,819	2.55	7,182.81
6	Master 22D Padlock1½"	3,438	2.00	6,882.88
7	Ideal SK600 Knob Lock	1,061	6.20	6,580.32
8	Ideal 45-3024 Nite Latch	1,061	5.98	6,342.66
9	Ideal SK85 Pneumatic Close	1,308	4.77	6,244.39
10	Ideal SK11AC Pushbutton Latch	735	6.36	4,671.66
11	Harlock UM700 US5 Entry Module	258	17.22	4,442.76
12	Master ID Padlock 1⅞"	705	6.05	4,265.84
13	Ideal SK11 Pushbutton Latch	650	6.36	4,131.40
14	Harlock HJ 700 M-DL US5 Entry	267	15.30	4,085.63
15	Ideal SK980 Pushbutton Latch	624	6.36	3,966.06

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PLUMBING			
1	Meld 1501 Basket Strainer	6,163	1.55	9,561.84
2	Meld 1603 Ballcock Brass	755	10.95	8,265.36
3	Meld 14206 6" Plunger	5,663	1.45	8,211.35
4	Meld 18016 6' Fem x Fem	2,267	3.58	8,119.26
5	Meld 1600 Toilet Tank Kit	1,184	6.50	7,691.26
6	Meld 1660 Survo-Flush Kit	1,153	5.97	6,888.02
7	Meld 1619 Flapper Ball	4,726	1.41	6,647.12
8	Meld 3525 Shower Massage	384	17.21	6,609.22
9	Meld 1422 super Plunger	1,836	3.26	5,989.95
10	Meld 361 Guardsman W/Adj	749	7.48	5,604.02
11	Meld 1601 Ballcock Plastic	1,228	4.48	5,502.05
12	Meld 19012 Sink Strainer	870	6.25	5,437.50
13	Meld 373 Shower Massage	522	10.25	5,351.28
14	Meld 360 Executive Head	1,101	4.50	4,949.00
15	Meld 1408 Plumber Repair Kit	2,486	1.90	4,722.16
	LIGHTING			
1	Power Ap 15 x 12 UNd Cab Lit	4,255	8.97	38,167.35
2	Jama 75 20 Glass/8 Lite	367	84.38	30,965.63
3	Powr C54B Circline 2 Lite	619	35.63	22,051.88
4	Jama 80 12 Glass/6 Lite	203	65.63	13,321.89
5	Jama 73 6 Glass/3 Lite	380	32.82	12,471.60
6	Powr GL240 Grid Lite 2 Lit	459	21.96	10,079.64
7	Dval 9800PB Wall Fixture	928	10.05	9,326.40
8	Powr St120 24" Strip	726	10.07	7,307.19
9	Powr ST14) RS Sing Strip	456	15.60	7,113.60
10	Dval 9708WH Ceiling Fixture	1,197	5.91	7,074.27
11	Dval 9708PC Ceiling Fixture	789	8.48	6,686.78
12	Dval 9703PB Ceiling Fixture	629	10.29	6,742.41
13	Powr C32B Circline 1 Lite	187	33.03	6,176.41
14	Dval 7339AB Ruffl Ceil 3	165	35.67	5,885.55
15	Dval 9501WH Ceiling Fixture	437	13.29	5,807.73

(Continued on page 26)

Click! Rangefinder Camera Biz Soars

NEW YORK — Shipments of rangefinder cameras soared 123% over the last two years, according to a survey just released by *Modern Photography News*.

In 1984, 2,900,000 rangefinder cameras were shipped compared with 2,400,000 in 1983 and 1,300,000 in 1982. The rapid growth has been fueled by the public's embrace of the novel features, especially automatic focus, now incorporated into many of these units.

The gross national photo product—a measure of total photographic activity, including industrial and applied markets as well as copier shipments—reached a record $16.7 billion for 1984, up from $16.2 billion in 1983.

Jamesway Plans Md., Va. Openings

SECAUCUS, N.J. — Jamesway is planning two mid-October store openings, in Aberdeen, Md., and Warrenton, Va.

The 50,000-sq.-ft. Aberdeen store will be the fourth the company operates in Maryland. Two units are located in Laurel and Pasadena, with another store opening in Odenton during the summer.

The 43,000-sq.-ft. Warrenton store will be part of a new strip center at the convergence of Routes 15, 29 and 211. Other company operations in the state are located in the cities of Sterling and Culpeper.

READ CLASSIFIED ADS

Acme Brush Corporation...

Job Rated™ Program

THE LOOK OF SUCCESS IN BRUSH AND ROLLER MERCHANDISING

QUALITY DECISION

Paintbrushes—Three distinctive qualities of Job Rated™ Best, Job Rated Better, and Economy. Each quality contains ingredients and formulations designed for performance to that quality. All synthetic brushes in this program are made of Excel-R,™ the first new filament in over a decade. Not only is it new, but the feel is superior to other products on the market. The extra length and fullness make all Excel-R paintbrushes superior performers.

Paint Rollers—Two qualities of paint rollers Job Rated Best with 7 SKUs, each for a specific surface, and one Economy SKU for latex flats.

THE BUYING DECISION

Each quality and end-use product line has different-colored packaging with vivid descriptions to quickly identify the quality of the product and the end painting use that it is designed to perform for the consumer.

The total concept of this program is to sell the customer up to Job Rated Best quality in paintbrushes and rollers. It is designed to provide your customers with ease of selection by quality and end use. It will enhance your turns, gross margin, and profit of the total paintbrush and roller program in all your store locations.

Stop at Booth 374 & see our new "Job Rated" program at the National Hardware Show!

ACME BRUSH CORPORATION • Wooster, OH 44691-0227

HARDWARE SHOW

1st Half Fine

(Continued from page 25)

no item capturing the consumer's imagination. This year, we haven't seen quite the trade-up trend that was experienced in the first half of 1984. In general, though, people are still looking for a solid combination of quality and value: More than trading up in price, they're trading up in value. They're willing to spend a little more to get a solid tool.

The greatest strength has been in basic hardware; fasteners and builders hardware, which have been steady and strong. The continuation of the DIY trend has definitely helped that business.

The majority of purchasers of these kinds of products in the discount stores are for small projects, repairing and replacing kinds of projects, rather than people working on large projects from scratch. It's a strong steady business, with lots of gross margin for the retailer. Margins are running about 50% here.

Security is still very strong, with lock sets the strongest performers, both on promotion and as basic business. The basic business comes from the guy working on a single door; promotions draw the customer who has decided to replace hardware on a series of doors. The hottest promotional piece for us was the Harlock T-700 Entry Module at about a $8.99 retail, vs. $10.99 every day.

(Continued on page 27)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CAULKS, LUBRICANTS & SEALANTS			
1	G.E. 5000 Silicone II Clr	9,133	4.90	44,760.83
2	Dap 14150 6 oz Kwikseal	16,745	1.78	29,864.71
3	G.E. 5070 Silicone II Wht	6,055	4.90	29,675.55
4	G.E. 5010 Silicone II Wht	5,370	4.90	26,318.37
5	Weld 0164 Panel Weld 10 oz	18,850	1.20	22,685.98
6	Dap Qt vinyl Spakl Paste	7,336	2.80	20,529.80
7	Bord E701 Wood glue 8 oz	11,389	1.81	20,642.56
8	Durc Supl Super Glue	19,527	1.02	19,819.91
9	Krax 240CD Krazy Glue	18,600	1.02	18,879.00
10	Dap qt 33 Glazing Compound	5,015	3.67	18,397.53
	PAINTS & STAINS			
1	Luct 50 White Gal	24,279	13.61	330,461.46
2	Luct 2386 Ceiling Wh Gal	21,197	11.14	236,115.77
3	Luct 2360 White Gal	18,492	11.14	206,019.37
4	Luct 1699 White Gal	6,173	15.05	92,928.34
5	Luct 1800 White Gal	3,852	14.74	56,786.18
6	Ctrp 1610 Sup Spar G1 Gal	2,200	24.21	53,253.20
7	Luct 2329 Antique Wh Gal	4,177	11.14	46,535.96
8	Luct 2250X White Gal	2,148	14.22	30,548.86
9	Luct 1629 Antiq White Gal	2,020	15.05	30,409.08
10	Ctrp 1610 Sup Spar G1 Qt	3,930	7.59	29,820.84

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PAINTING TOOLS			
1	Hyde 0485 Wall Scr 6"	7,665	2.77	21,200.52
2	Hyde 13050 Razr Scr & Blades	11,440	1.26	14,431.56
3	Hyde 09100 10" Taping Kn	1,855	7.53	13,959.80
4	Hyde 09410 Corner Tool	1,865	7.48	13,953.93
5	Hyde 04700 Wall Scr 4.5 F	5,209	2.26	11,782.76
6	Hyde 2850 6" Joint Knife	2,255	4.96	11,182.55
7	Hyde 09710 10" Knife	1,375	7.96	10,945.69
8	Hyde 04100 Putty Knife 1.5 F	7,147	1.46	10,862.20
9	Hyde 02750 Wall Scr 5" F	1,865	5.50	10,249.11
10	Hyde 09058 Precut drywall	2,285	4.38	10,006.02
	PAINT APPLICATIONS			
1	Woos B5090 9" R1 Cvr Latx	15,324	1.33	20,442.22
2	Woos B5092 9" R1 Cvr Enml	11,532	1.62	18,727.97
3	Padc 3760 Tex Paint Set	2,346	7.95	18,641.32
4	Woos B6921 9" Promo kit	5,460	2.62	14,329.77
5	Woos B5094 3Pc Paint Kit	2,998	4.76	14,258.49
6	Woos B3221 3" Better Brush	3,900	3.18	12,384.45
7	Woos B5093 9" R1 Cvr Roll	5,792	2.02	11,673.78
8	Padc 1050 9" Spatter Shield	2,664	4.26	11,356.63
9	Padc 3765 9" Tex Cover	3,144	3.29	10,348.48
10	Pama 3725-04-01 3Pk Brush	8,405	1.22	10,237.29

(Continued on page 27)

Barbecue Grill Biz Up in '84

NAPERVILLE, Ill. — Barbecue grill sales for 1984 were up 292,396 units over 1983—to 13,315,766 for the 12 months ended Aug. 31, according to estimates of the Barbecue Industry Association.

This year consumers will spend an estimated $1.1 billion on barbecue grills and accessories, according to the association's projections, which are based on a survey of grill manufacturers.

Approximately 125 million grills are currently owned in the U.S., nearly two per barbecuing household, according to association figures.

Forecasts for the next 10-year period suggest that sales of grills will total 140 million and charcoal sales an estimated 16 billion lb.

Jamesway Unit Is Being Rebuilt

SECAUCUS, N.J. — Jamesway has begun rebuilding and expanding its North Warren, Pa., unit, which burned down in a March 1985 fire.

The unit was the fifth store of the chain, first opened in 1965.

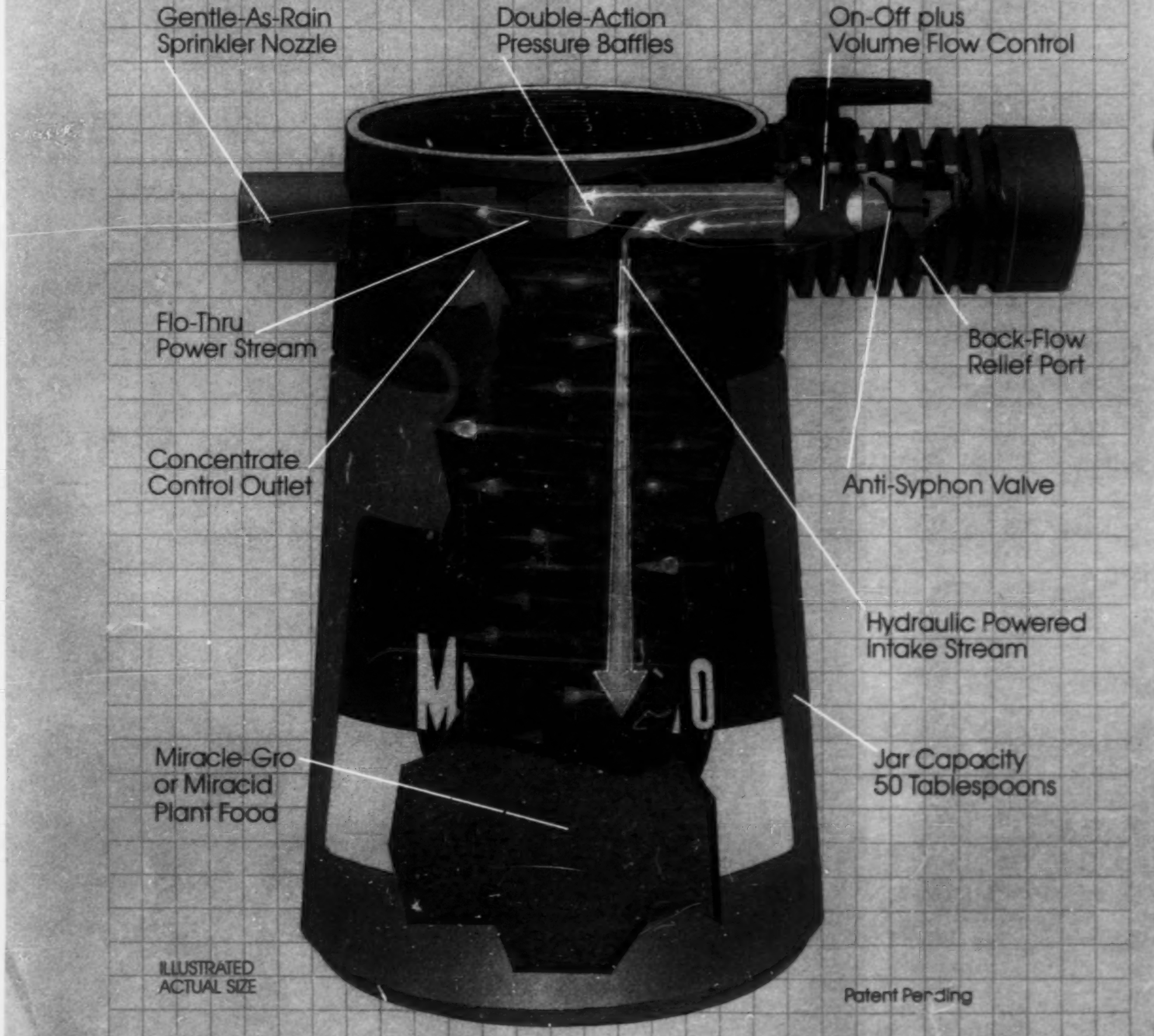
It will be expanded from its original 42,000 sq. ft. to 47,000 sq. ft. The company's standard beige, brown and orange color scheme and center-core configuration will be part of the new store plans.

Jamesway operates 85 stores with a reported volume of $475 million last year.

Dollar Gen. Payout

SCOTTSVILLE, Ky. — Dollar General Corporation declared a quarterly dividend of 5¢ per share payable Aug. 9, to shareholders of record July 25.

The Most Important Garden Invention Since the Lawn Food Spreader



New From Miracle-Gro®

HARDWARE SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ELECTRICAL			
1	Epak Moc-6C Multi-Outlet	1,343	16.82	22,589.26
2	Elec Moc 4C Multi-Outlet	996	15.02	14,961.91
3	Levi 800-274 3 Way Adapter	13,647	0.80	10,905.02
4	Levi 801-6671 Dimmer	1,778	4.16	7,399.15
5	Genc 12-2-50 Romex NM	710	10.21	7,247.68
6	Levi 800-1406 Socket Adapter	3,721	1.91	7,121.99
7	Levi 800-697 Plug Outlet	2,579	2.71	6,992.96
8	Genc 12-2-100 Romex NM	341	19.44	6,630.52
9	Levi 800-7090PG Knob Sock	2,849	2.15	6,113.95
10	Levi 800-6098PG Butt Sock	3,270	1.77	5,784.63
	BATTERIES			
1	Dura MN150084 AA Size 4Pk	76,267	2.99	228,251.87
2	Dura MN130082 D Size 2Pk	91,678	2.24	205,238.70
3	Dura MN140082 C Size 2Pk	90,667	2.24	202,985.27
4	Ever E91BP-4 AA Alk Batt	67,702	3.00	202,814.88
5	Ever E93BP-2 C Alk Batt	82,315	2.23	183,809.39
6	Ever E95BP-2 D Alk Batt	78,376	2.23	175,013.60
7	Dura MN1500B2 AA Size 2Pk	67,966	1.68	114,023.15
8	Dura MN1604B 9 Volt 1Pk	50,301	2.24	112,613.87
9	Ever 522BP 9V Alk Battery	44,351	2.23	99,035.78
10	Ever E91BP2 AA Alkaline	56,916	1.68	95,732.71

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	POWER TOOLS			
1	B&D 9330 Dustbuster	4,361	31.83	135,606.32
2	B&D 7308 7¼" saw	659	40.48	26,673.03
3	B&D 7127 ⅜ Vari Rev Dr	759	29.10	22,089.90
4	B&D 9360 Spotlighter	730	26.29	19,189.88
5	B&D 7391 7¼" Circ saw	323	54.39	17,567.16
6	B&D 9333 Dustbuster Plus	397	41.30	16,396.10
7	B&D 7104 ⅜" Drill	615	21.61	13,291.69
8	B&D 7404 Sander	435	26.81	11,663.44
9	B&D 9385 Scrubber	244	46.41	11,324.65
10	B&D 71-013 13 Pc Bit St	1,132	9.44	10,683.25
	BLACK & DECKER ACCESSORIES			
1	B&D 71-120 Hoel Saw Asst	491	9.74	4,784.30
2	B&D U2499 Router Bits	416	11.43	4,753.22
3	B&D 71-382 Mag Bit w/hld	680	6.77	4,604.62
4	B&D 70-404 ⅛" Drill Bit	3,010	1.44	4,320.86
5	B&D 73-369 7¼" Carbde	520	8.21	4,267.64
6	B&D 730107 7¼" Comb	758	4.10	3,110.45
7	B&D 70-436 ½" drill Bit	570	5.16	2,942.34
8	B&D 73-047 Plywdbld 7¼	918	2.97	2,728.76
9	B&D U1337 Dial A Blade	458	5.71	2,616.55
10	B&D 7436 Sander	54	48.33	2,609.74

Source: Schreiber Co., a hard goods distributor based in Lititz, Pa. Figures are for February-June 1985. The firm serves 600 discount stores in 19 mid-Atlantic and East Coast states. Average price points reflect typical price points for discount chains.

1st Half Fine

(Continued from page 26)

Paint sundries have been very good for us. It's the paint sundries business that is supporting the paint category for many retailers.

For us, paint has been up; we've had a good year. Like in the power tools, the sundries category has become a value/price oriented situation. When we're able to move 900 brushes with a regular $6.99 price, that says something. We're doing a lot more business in $6 and $7 brushes, vs. $3 and $4 brushes, than in the past.

Strengths Examined

Promotional painting sets and kits have also been very good. The Padco paint set at $7.95 retail was a particularly good promotional item in the spring. Roller and tray kits in general moved well. As a category, applicators and rollers were good, expecially the EZ paint roller line.

In electrical, multioutlets and dimmers were the best movers, particularly on promotion. The same could be said about the Levi 801-6101 night light.

More Winners

In caulks, we continue to see the increasing domination of silicones. The day of the oil-based kind of caulking is on the wane. Three of the top four dollar-producing caulks are silicones. That wasn't true as recently as two years ago, when the cheaper caulks were predominant. For example, the DAP 18200 Rely On Oil at 96¢ retail does much more unit volume than the silicone products, but generates far fewer dollars.

The battery business is seeing at least one moderate change. AAA-size batteries are coming on much better. AA still dominates, but an AAA 4-pack that just came out is doing very well for us. That's probably tied to the increase in small electronic products that use them.

Silverman's Has 'Buy Ohio' Sale

CLEVELAND — "Sam Walton's buying American. We're trying to localize a little and buy Ohio."

With those words, Alan Silverman, president of Silverman's, a seven-store discount chain headquartered here, explained the chain's first "Buy Ohio Sale."

Silverman's rounded up 18 made-in-Ohio items from different departments to feature in an ROP ad in the *Cleveland Plain Dealer.* Shoppers were given the chance to buy on sale everything from a TV cart made in Archibald to popcorn grown in Marion.

Why It Was Done

The chain's merchandise coordinator, John Micca, explained the five-day sale was a way of "letting our customers know that we are an Ohio customer buying from Ohio manufacturers, doing what we can to stimulate the economy."

Although shoppers' reaction to the "Buy Ohio" theme was difficult to measure, said Micca, the campaign apparently was appreciated by Gov. Richard Celeste, who sent the chain a note of thanks.

Silverman's is planning a rerun for the fall and will now tag made-in-Ohio products with the manufacturer's city whenever they are featured in regular chain ads.

THE NO-CLOG GARDEN FEEDER IT'S 100% AUTOMATIC!

Feeds up to 1250 sq. ft. in 12 Minutes*

No Suction Tube — No Strainer
No Measuring — No Mixing — No Stirring
It even cleans itself, automatically!

It's Hydraulic Powered. Nothing to go wrong!

Other hose-end garden feeders depend on vacuums and suction tubes. But as you know from sad experience, vacuums fail and suction tubes clog.

The new Miracle-Gro Garden Feeder works on an entirely different engineering principle . . . hydraulic power! There are no suction tubes to clog . . . no vacuums to fail . . . nothing to go wrong.

Feeds 1250 sq. ft. lawn or 50 big tomato plants in just 12 minutes*

Other hose-end feeders can't dispense more than 15 tablespoons of plant food to the jar . . . enough for just 150 square feet. That's the maximum concentration of plant food that can pass up the suction tube without clogging.

The Miracle-Gro No-Clog Feeder is totally different. There's no pre-mixing. You put dry plant food in the jar — as much as you like, up to 50 tablespoons. Hydraulic power dissolves the plant food automatically as you need it, in proper proportion — creating an ideal fertilizer solution. The No-Clog Feeder is totally effective dispensing any amount of plant food — from 2 to 50 tablespoons. No job too big or too small.

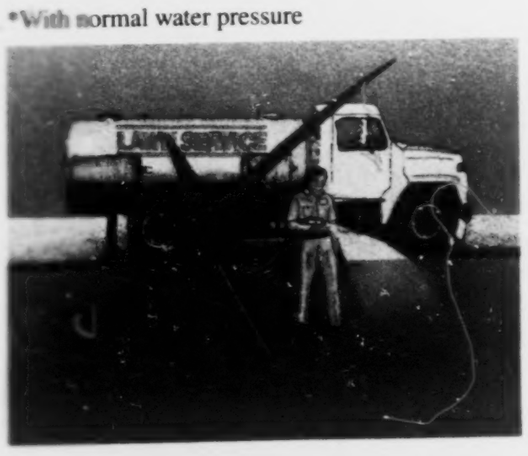
Makes it easier than ever to feed with Miracle-Gro

Use the No-Clog Feeder with all varieties of Miracle-Gro (All-Purpose, Tomato, or Rose Food), as well as Miracid. Use it any time your plants need feeding.

Eliminates need for costly Lawn-Feeding Services

Because No-Clog Feeder treats large areas so thoroughly, so quickly, so easily, homeowners have no need for expensive professional lawn feedings. It brings customers back to the garden store.

*With normal water pressure



Featured on National TV with James Whitmore

Seen by millions of viewers on all 3 major networks — featured on top rated programs such as "60 Minutes," "20/20"

No Mixing. No Measuring. Pour any amount of dry Miracle-Gro into jar.

With the No-Clog Feeder, you just pour dry Miracle-Gro into the jar . . . No mixing, no measuring, no stirring. The No-Clog Feeder fills itself with water automatically and proportions the solution perfectly (one tablespoon to one gallon of water) for flowers, vegetables, shrubs, evergreens, foundation plants, trees, lawns, whatever you grow.

How it works

Hydraulic pressure drives a tiny high-powered jet of water into the jar . . . mixes and proportions the plant food and water automatically. Then it forces the concentrated mixture out of the jar into the powerful mainstream of water. The nozzle converts the stream into a gentle-as-rain spray pattern . . . can't burn even tender young plants.

Cleans itself automatically

When you don't see any more Miracle-Gro (or Miracid) crystals in the jar and the solution in the jar starts to turn pale in color, it's telling you that the plant food is almost completely dispensed. To clean your No-Clog Feeder automatically, just hold it upside-down while the water is running. In a minute or so, (while you are feeding your lawn or garden), the jar will empty and flush itself clean. It's all automatic.

Greatest garden invention since the lawn food spreader

The No-Clog Feeder will change the way America uses fertilizer. Now feeding lawns and gardens is so easy. Garden retailers will profit a hundred times over with increased sales of Miracle-Gro for every feeder sold. Recapture lost sales when former users of professional lawn-feeding service return to garden stores.

IMPORTANT

The No-Clog Feeder was specifically designed to proportion Stern's Plant Foods exclusively. It should not be used with other fertilizers or insecticides, or herbicides.

FREE In-Pack Gift for your customers

FREE 1 lb. of Miracle-Gro Plant Food worth $3.75 packed in every jar — ready to use. Makes the Feeder (Suggested Retail Price $8.99) an even better buy.

Great display package for automatic shelf-sell

This package acclaimed best merchandising in garden industry. Proved in test markets! Complete instructions printed on back of display card.

Built-in Anti-Back Flow Valve meets all gov't. requirements.

Miracle-Gro®
NO-CLOG
Garden Feeder

© 1985 Stern's Miracle-Gro Products, Inc.

APAA SHOW

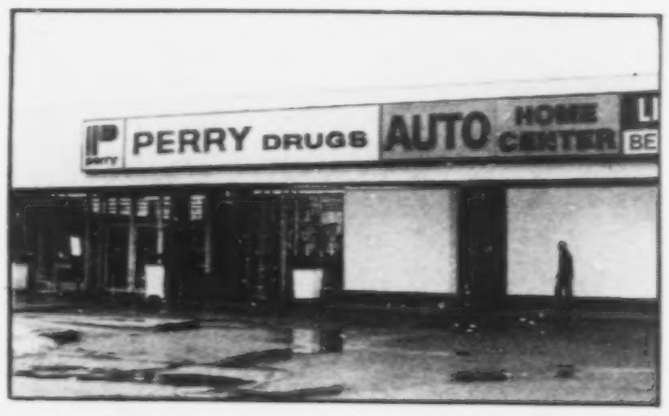
Discount automotive specialists, with their wide assortments in basics, are back on the expansion trail after a year of net decline in numbers of units. *(DSN photo)*

Automotive Chains

Chain (Hq. State)	Volume (Millions) Last Completed Fiscal Year	Number of Stores 1/84	1/85	1/86
Western Auto (Mo.)	$698[A]	2,556	2,269	N/A
Pep Boys (Pa.)	348	124	135	160
OTASCO (Okla.)	300*[A]	669	550	550
Lucky Automotive Div. (Ariz.)	275*[B]	439	459	431
White Stores (Tex.)	179	344	323	303
Chief Auto Parts (Tex.)	169*	296	337	N/A
Grand Auto (Calif.)	154	86	86	115
Nationwise (Ohio)	150*	135	140	165
Whitlock (N.Y.)	100*[C]	74	61	80
Perry Auto Works (Mich.)	81[D]	61	110	180

[A]Includes sales from company-owned and franchised units. [B]Includes sales from Kragen, Checkers, Honey and Statewide. Lucky sold its 31 Honey stores on Feb. 4, 1985, and recently merged Statewide operations into Checkers. [C]Includes sales from Whitlock, National Auto, Strum Auto and Giant Auto. [D]Includes sales from acquisition of Jack Lampert Singer Super Auto Parts and Peppy's Discount Auto Parts. Also includes auto part sales in 146 Perry Drug Stores. *DSN estimate.
Source: DSN Research

Specialty Chains Get Back On Expansion Track in '85



Nationwide DSN Report

Automotive specialty chains have gotten back on the expansion track this year, after one in which a combination of franchise shifts and store closings left the top chains with a net decrease in units.

The top 10 auto specialists will recoup this year through two different expansion routes: opening more stores, with at least 120 additional units planned for 1985, along with the acquisition of smaller, regional chains as the relatively inexpensive way to travel into new markets.

The shakeout of the past few years has resulted in very conservative new store growth plans. Pep Boys and Nationwise, for example, each project about two dozen new units, mainly in their existing markets. This net gain is about tops for the industry.

However, other chains project opening more stores—Lucky Auto expects to unveil between 50 and 60 new units. But this will still leave the company's total count under what it was a year ago, since it sold off 77 stores last year.

Lucky's sale of 31 Honey and 46 Checkers auto part stores to Chief Auto Parts boosted that chain's count to 441 units, with executives acknowledging that they are looking for further acquisitions.

Similarly, Grand Auto acquired Automotive Wholesalers Inc., which had 22 TOP AUTO units in Washington and five in Alaska.

Perry Auto Works also took over another chain: Corvair Auto Parts, as the latter's parent, Consolidated International, decided to devote its retailing efforts to closeout general merchandise stores.

The net gain of at least 120 stores projected this year for the top 10 auto specialists will still leave them with fewer units than in the past. The largest declines could be found in the closing of large numbers of franchised stores by two chains, Western Auto and OTASCO. While each plans to open new—often company-owned stores, each still has a way to go before past peak store counts are reached, 2,556 in the case of Western and 669 for OTASCO.

Despite the extensive store closings, Western Auto still remains the top auto specialist in terms of volume with $698 million in the last completed fiscal year. OTASCO is in the third spot at $300 million.

Smaller auto specialty chains aren't there just for the taking; a number are opening new stores and expanding without any fear of competition from the big operators.

Schuck's Auto Supply plans to add at least five stores to its 65 units which are in Oregon, Washington and Idaho, states that also house Grand Auto and Luckey Stores units.

Steego projects opening at

(Continued on page 66)

Light Truck Accessories Given Bigger Discounter Push

Nationwide DSN Report

Discounters are committing more space and dollars to light truck accessories, as they tap into the surging market of pickup owners who want to customize their vehicles without paying dealership prices.

The insistence by many dealerships to sell only custom packages that cost $1,000 and more has paved the way for discounters to sell do-it-yourself custom accessories at tickets as high as $100 per item.

"Whatever dealers sell we can sell at less than 50% of their installed price," said Nationwise vp-merchandising Frank Apple. He cited examples: $150 for a rear pass-through window installed by a dealer compared with his chain's everyday retail of $39.95; pickup truck floor mats at $60 or $19.95 to $24.95.

"But the major appeal to do-it-yourselfers is the ability to individually tailor each vehicle," Apple added. "You know when you walk out of the dealer that 10 minutes later, another S-10 [Chevrolet Blazer] with the identical custom package will be right behind. You never see anything in between. They're either loaded or stripped."

Exaggeration or not, Apple's point is clear: light trucks make up 20% of the nation's new vehicle registrations, as white collars join blue collars in buying economical stripped versions and personalizing them.

The boom in light trucks is related to easier loading, sportiness, practicality in bad weather driving and economy, said buyers, who are increasingly developing high-profile areas for accessories.

In 1985, Caldor, T.G. & Y., ALCO and Nationwise became among the first discounters to test or go chainwide with light truck accessories assortments—in some cases with special signage in high-identity areas. Buyers from Gold Circle and Danners, who each also added about 25 sku's to their departments this year, called the category one of their best sources of add-on volume and gross profit dollars because of its high tickets.

Caldor, for instance, has been setting a 10-ft. to 12-ft. accessories run chainwide, while limiting assortments because of the vast amount of space many require, a spokesman said. The discounter's mix includes three running board sku's at a top everyday price of $69.99, splash guards at $5-$6 and exterior mirrors at $16.99-$21.99. Bestsellers currently include a metal toolbox at $98.77 and a pass-through window at $59.95.

ALCO began testing a 24-ft. gondola run in 12 of its largest stores since May, said buyer Lott Smith. While still too early for definitive results, Smith plans to watch performers for six months before deciding whether to roll out light truck accessories to about half the chain, which has ample discretionary space for the merchandise.

In his midwestern markets, which Smith characterizes as families "with a car and a

(Continued on page 56)

APAA SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	6052 Sealed beam, large square	40,716	$7.99	$325,320
2	Flia Motorcraft oil filter	76,833	4.19	321,930
3	Raindance paste (appl pk), 14 oz	37,131	7.19	266,971
4	10080 8-oz Armor All protector	84,673	2.99	253,172
5	10160 16-oz Armor All protector	38,292	6.19	237,027
6	Mini-hydraulic floor jack, 2-ton	5,204	44.99	234,127
7	Turtle Super Hard Shell paste, 14 oz	55,197	3.99	220,236
8	4652 Sealed beam, low square	43,831	4.99	218,716
9	6014 Sealed beam, large round	65,893	3.29	216,787
10	3431 Snowite Lit 'N Easy gallon	15,421	13.99	215,739
11	Hydraulic floor jack, 2 ton	3,604	54.29	195,661
12	1157 Auto bulbs, 2 on a card	176,413	1.09	192,290
13	Air compressor w/gauge	7,900	22.99	181,621
14	Raindance liquid (appl pack) 16 oz	24,784	7.19	178,196
15	7450 Gumout jet spray, 13 oz	74,325	2.39	177,636
16	H6054 Halogen sealed beam, lg sq	8,687	19.99	173,653
17	1001 Freon, 14 oz	121,146	1.29	156,278
18	Westl Bleche-Wite-Liquid, 20 oz	70,672	2.19	154,771
19	Chamois, 2½ sq ft	21,845	5.99	130,851
20	Turtle Zip Wax liquid car wash, 18 oz	51,902	2.39	124,045
21	Oil treatment, 15 oz	52,874	2.29	121,081
22	10320 32-oz Armor All protector	13,164	8.99	118,344
23	R45TS-8BP AC spark plugs	9,505	12.09	114,915
24	Quartz halogen fog light kit, amber	3,542	29.99	106,224
25	Air-condition recharge kit with freon	15,397	6.89	106,085
26	Johnson Wax Kit presoft paste wax	24,701	4.19	103,497
27	WD-40 aerosol, 9 oz	39,939	2.59	103,442
28	7518 Gumout carb clean, 12 oz	53,015	1.89	100,198
29	Gunk Engine-Brite aero, 20 oz	44,402	2.19	97,240
30	Solar film, smoke 20" x 120"	10,319	8.99	92,767
31	13040 4-oz Armor All protector	53,510	1.69	90,431
32	1002 Warco Dot brake fluid, qt	23,220	3,89	90,325
33	PF-25 AC oil filters	22,568	3.99	90,046
34	Turtle Minute Wax, 18 oz	14,898	5.99	89,239
35	PF-47 AC oil filters	22,308	3.99	89,008
36	Snap Fix-A-Flat, 12 oz	61,781	1.39	85,875
37	Blue Poly paste sealant, 16 oz	8,429	9.99	84,205
38	Roberk 16" wiper blade refill	38,326	2.19	83,933
39	Super Hard Shell Liquid, 12 oz	27,983	2.99	83,669
40	3,000 lb Jack stand	15,107	5.49	82,937
41	Simoniz II premium paste, 14 oz	13,815	5.99	82,751
42	Westl Bleche-Wite-Liquid, 32 oz	24,223	3.39	82,115
43	Chamois, 4½ sq ft	9,000	8.99	80,910
44	15" Wire wheel cover, each	4,243	18.99	80,574
45	Prestone heavy-duty brake fluid, 12 oz	39,573	1.99	78,750
46	100QR Rislone oil alloy, 32 oz	27,887	2.79	77,804
47	H4656 Halogen seal beam, lo, square	7,040	10.99	77,369
48	Lee oil filter, LF-1	22,034	3.49	76,898
49	14" Wire wheel cover, each	4,019	18.99	76,320
50	Blue poly polymer seal liquid, 16 oz	7,483	9.99	74,755
51	Gas can, flexible spout, 5-gal	5,698	12.99	74,017
52	One-piece auto ramp, pair	3,297	21.99	72,501
53	CD-2 oil detergent, black label	29,313	2.39	70,058
54	RV15YC4BP8 Champ plug	5,774	12.09	69,807
55	Gas can, flexible spout, 2 gal	11,588	5.99	69,412
56	Roberk 16" wiper blades	31,652	2.19	69,317
57	1016 Pylon 16" wiper refills	31,463	2.19	68,903
58	FL400 Motorcraft oil filter	14,601	4.69	68,478
59	Quartz halogen driv light kit, cler	2,223	29.99	66,667
60	1001 Warco Dot brake fluid, 12 oz	44,022	1.49	65,592
61	Solar Film, smoke, 20" x 60"	13,316	4.79	63,783
62	Sim super blu pre-soft paste, 9 oz	19,235	3.29	63,283
63	Multi-service grease, 14 oz	45,164	1.39	62,777
64	Antenna spring with booster, 45"	6,940	8.99	62,390
65	Roberk 18" wiper blade refill	28,466	2.19	62,340
66	Westleys Bleche-White, ½ gal	14,527	4.29	62,320
67	Siminiz II premium liquid, 16 oz	10,318	5.99	61,804
68	4000 sealed beam, low, round	22,049	2.79	61,516
69	Gallon gas can, pull-up spout	20,441	2.99	61,118
70	1018 Pylon 18" wiper refills	27,868	2.19	61,030

(Continued on page 64)

'Easy' DIY Goods Still Hold Sway

By HERB RECHTER
President,
Allied Auto Parts
and Auto Accessories

The fashion side of automotive is growing well, but the core of our volume in the first half of 1985 continued to be in "easy" do-it-yourself merchandise: replacement lamps, waxes, polishes and chemicals.

Indeed, a scan of the 20 top-selling items reveals that appearance and simple engine and tire maintenance are the most common DIY activities. As an example, cleaners and cleaning accessories hold nine of the top 20 best-selling spots (in dollar volume) on the product movement audit (PMA) for the five-month period of February through June.

Sealed beams take five of the top 25 positions, including a large halogen square, in the 16th slot, which retails at a relatively lofty $19.99 and a halogen amber fog light, in the 24th spot, at $29.99.

Chemicals, oil filters, floor jacks and air compressors round out the rest of the best-performing positions.

These performance trends aren't markedly different from those evident in a prior PMA, which detailed performance from February to November 1984.

Between then and now, the Flia Motorcraft oil filter jumped from No. 6 to the No. 2 spot, with 76,833 units sold during the latter period. The two-ton mini-hydraulic floor jack, a promotional mainstay, rose from the No. 16 slot at an average retail of $54.35, to the No. 6 position, with 5,204 units sold at an average price of $44.99.

Promotion Category

Another favored promotional item for discounters is the air compressor with gauge, which previously held the 11th leading sales spot at an average retail of $25.65. In the latest five-month period, unit movement stayed at a fairly even monthly clip: a total of 7,900 units sold at an average retail of $22.99.

Although cleaners appear universally strong, few inroads are being made by new brands in the category, as consumers stick to what they know will work.

Manufacturers have been trying to expand waxes and polishes shelf space by unveiling new variations of established products. For the most part, automotive discounters aren't buying this strategy. Many have pared or are paring footage for waxes and polishes, as they eliminate peripheral sku's and stock the perennial best sellers, or, in a rare instance, a new version that does a better job.

Discounters are reacting to two consumer trends here: price awareness and the poor perception of sales messages that would make more new

(Continued on page 64)

Why STP® Anti-Freeze has you-know-who running scared:
Last year in test-market stores, STP Anti-Freeze/Coolant achieved an impressive share of the premium-price anti-freeze category. And this year promises to be even better.
Why did so many consumers break the same-old-anti-freeze habit? The power of the STP name. The patented easy-pour No-Glug Jug. And the STP/ALUGARD money-back guarantee of quality.
Add to that higher margins for you, and you have the most exciting new premium-price anti-freeze/coolant brand on the market. Call 1-800-ALUGARD for details.
Easy Pour
No Glug Jug
STP
Anti-Freeze & Coolant
ALUGARD
This formulation approved by all 4 major U.S. Car Makers
• Year-round protection for all domestic and imported cars.
• Can be added to your present anti-freeze.
• Protects all metals including aluminum.
Depend on STP proven performance.
STP
STP Corporation, Boca Raton, Florida 33431

APAA SHOW

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
71	#7 Car wash powder, 8 oz	23,368	2.59	60,523
72	3305 Snowite Lite-N-EZ, qt kit	12,113	4.99	60,443
73	Espre wire wheel hub cap cln, 20 oz	15,536	3.89	60,435
74	PF-35 AC oil filters	14,568	3.99	58,126
75	30160 16-oz Armor All cleaner	25,118	2.29	57,520
76	Lee oil filter, LF-25	14,772	3.89	57,463
77	194 Auto bulbs, 2 on card	52,100	1.09	56,789
78	1157 NA auto bulbs, 2 on a card	35,202	1.59	55,971
79	DL hand cleaner, blue label	43,301	1.29	55,858
80	Foot pump with gauge	7,107	7.79	55,363
81	R44T-8BP, AC spark plugs	4,525	12.09	54,707
82	Holland chamois, 4½ sq ft	5,429	9.99	54,235
83	Lee oil filter, LF-40	13,547	3.99	54,052
84	Raindance car wsh concentrate, 20 oz	16,739	3.19	53,397
85	#7 Rubbing compound, 12 oz	22,985	2.29	52,635
86	R45TS TB8 AC spark plugs	4,300	12.09	51,987
87	E43Z-12A297A DY425 module	754	68.85	51,915
88	Yale power steering fluid, 14 oz	25,319	1.99	50,384
89	T-4163 Thrush muffler	2,776	17.99	49,940
90	Roberk 18" wiper blades	22,731	2.19	49,780
91	20" Wheel wrench	9,906	4.99	49,430
92	C-16 Bars leak, 12 oz	22,532	2.19	49,345
93	N12YCBP8 Champion plg	4,754	10.29	48,918
94	Prestone heavy duty brake fluid, 32 oz	9,776	4.99	48,782
95	Midget grease gun kit	5,853	8.29	48,521
96	Sandable primer, gray	24,318	1.99	48,392
97	Westleys ½-gal car wash	11,853	3.99	47,293
98	R45TSX-8BP AC spark plugs	3,901	12.09	47,163
99	Truck window, Ford 73-84	943	49.99	47,140
100	CD-2 Oil treatment red label	19,711	2.39	47,109

Source: These automotive figures, covering February to June 1985, were supplied by Allied Accessories and Auto Parts, Madison Heights, Mich. Allied services over 2,500 retail outlets throughout the United States, 98% of which are discount store auto departments.

'Easy' DIY

(Continued from page 62)

products viable. Consumers aren't convinced they should pay twice the price for unfamiliar products, when they know an established favorite will do the job, often at less than $5.

PMA data reflects this: Rain Dance, Armor All, Turtle Wax and Johnson's were the leading sellers in the sales period covering peak spring clean-up efforts by consumers, and promotions by retailers. Rain Dance 14-oz. paste was our leading cleaner and overall third strongest item in 1985's first half, despite its relatively high everyday ticket of $7.19. A Borden consumer rebate earlier this year contributed to its strong showing. We moved 37,131 cans.

The Nos. 4 and 5 spots were held down by Armor All 8-oz. and 16-oz. offerings, at $2.99 and $6.19 average retails, respectively. Interestingly, the low ticket Armor All moved far and away the most units of any leading cleaner, 84,673 containers.

Turtle Wax Super Hard Shell 14-oz. paste copped the seventh top spot on the strength of 55,197 cans moving at an average retail of $3.99. This product is one recent exception to the negative trend noted before. Consumers perceive this to work well, and it's in the traditional price range for established long-lasting wax and cleaning products.

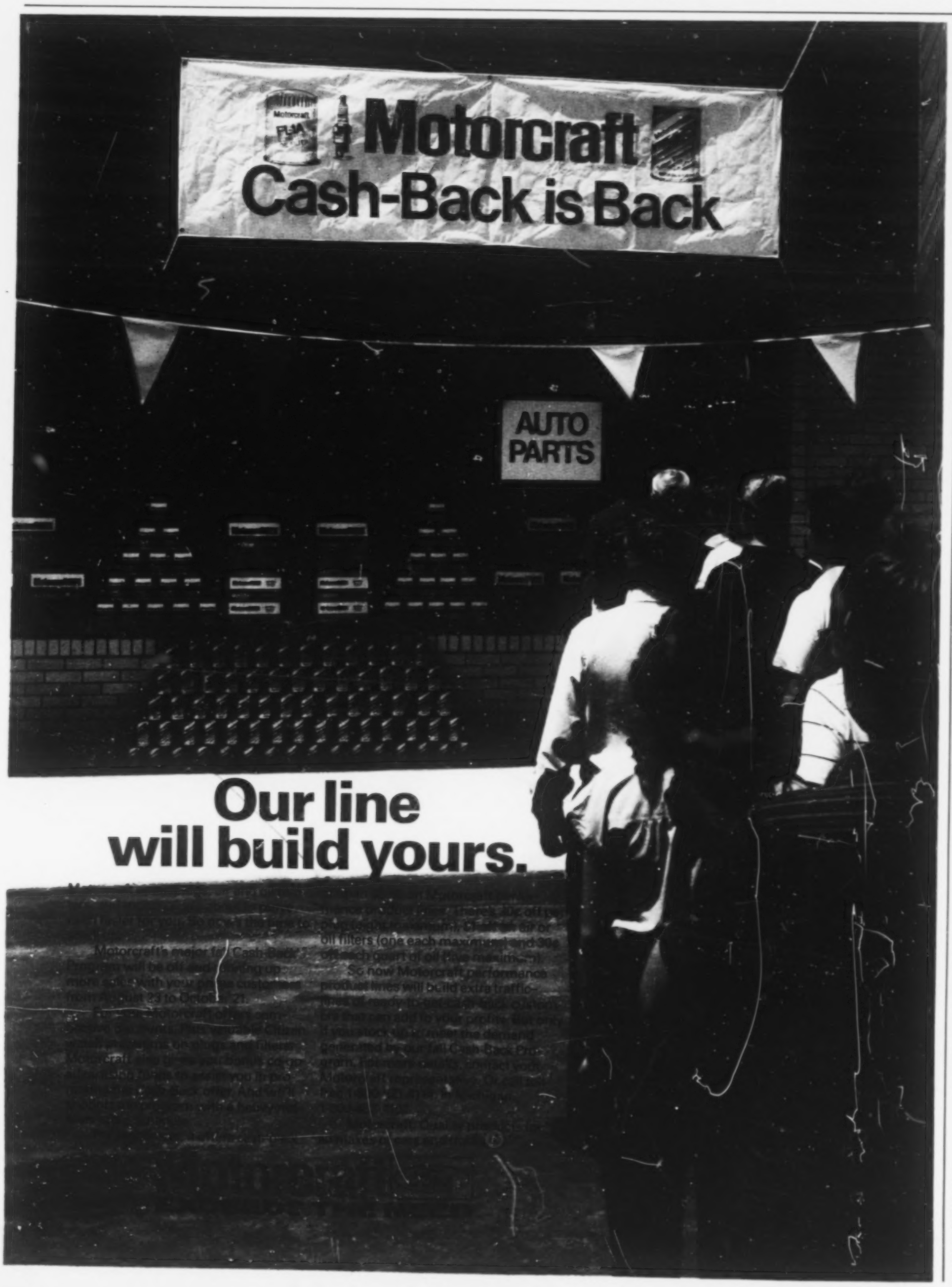
Chemicals such as Gumout jet spray, Igloo freon and STP oil treatment surfaced among the top sellers, reflecting continued promotions by discounters and consumer desire to do simple engine maintenance and perk-up tasks.

As an example, Gumout 13-oz. spray was our 15th leading seller in the period. We sold 74,325 cans to retail every day at $2.39. Unit movement of 14-oz. freon cans came close to doubling that during air-conditioning season: 121,146 cans sold at $1.29 everyday retail. STP 15-oz. oil treatment slipped to the No. 21 slot, at $2.29, from its previous No. 10 position at $1.81 average retail price.

We're continuing to emphasize our import program, which includes items such as car mirrors, exterior trim and antennae, which are both manual and electric-powered.

These items aren't revolutionary, but the price points are. By importing, we're able to leverage price points down to the $20 range—far below the $40-and-up usual price tags while offering comparable quality and impulse packaging.

That value message is getting across: import items are the fastest-growing portion of our business, copping four of the top 15 sales spots in the PMA. Jacks, bulbs and the air compressor with gauge were our strongest imports the first half of this year.



State Bills

(Continued from page 24)

California

SB848 would prohibit a retailer from imposing a surcharge on a person using a credit card.

CREDIT DISCRIMINATION

New Jersey

SB2035 would prohibit discrimination in credit practices.

EMPLOYEE BENEFITS

New Jersey

SB3214 would require group health insurance contracts to provide benefits for mental illness and nervous disorders. They would be required to provide at least 60 days of in-patient hospital care or 120 days of partial hospitalization.

ENTERPRISE ZONES

New Jersey

AB3870 would revise the Urban Enterprise Zones Act.

EQUAL EMPLOYMENT

New Jersey

SB2694 would prohibit sexual harassment in employment.

ITEM PRICING

New York

SB6766 would revise the regulation of item pricing in food markets. It would eliminate the grace period which an owner violating the provision would have to correct the violation.

LITTER TAX

New Jersey

AB3569 would impose a tax on the manufacture, distribution or retail sale of goods packaged in disposable containers.

PACKAGING AND LABELING

New Jersey

AB3483 would prohibit the retail sale of items packaged in certain types of plastic containers.

SHOPLIFTING

Illinois

SB190, prohibiting the manufacture, possession or use of foil-lined bags used to avoid detection by shoplifting devices, has passed the House.

Correction

An article in the July 22 issue of *Discount Store News* placed an incorrect value on Greenman Brothers' agreement to purchase Circus World Stores. At a per-share price of $34.62, the deal would be for a total of $41.4 million.

Single-Manufacturer Displays to the Fore

Several chains are using single-manufacturer displays to make a stronger merchandising impression. Here, Ames combines Fram filters on an entire three-shelf run. *(DSN photo)*

Return to Expansion

(Continued from page 53)

least seven stores in such scattered markets as Maine and Massachusetts, Florida and Columbus, Ohio, the latter also home to Perry and its recently acquired Corvairs Auto Parts.

The auto specialty store industry's resumed growth reflects a number of different factors: shut stores present an opportunity for another chain to come into a new market or else strengthen its presence in current markets; DIY sales continue to remain strong, so store closings often aren't due to any weakening in the auto parts business, but rather specific conditions at retrenching companies; and the increasing interest by national chains in expanding their network of company owned units, rather than franchised stores, so they can directly benefit from the growth in the DIY auto business.

The growth in the DIY business is evident from the augmented merchandising under way at some auto specialty chains.

Whitlock is a prime example. It opened seven new superstores earlier this year that measure 15,000-20,000 sq. ft., compared to its traditional 6,000- to 8,000-sq.-ft. units.

The added space enabled the specialist to target the stores to "high-performance buffs," offering such equipment like cams, special carburetors, headers and manifolds in addition to Witlock's standard parts stock.

The superstores are spotted in areas with a high proportion of blue-collar workers and skilled laborers who tend to work on their own automobiles.

Present

(Continued from page 17)

centage of net earnings attributed to the showrooms," the prospectus noted.

The cataloger is a member of the MAI group and uses that coordinator's flyers in addition to producing about a dozen of its own.

The growing cataloger competition in central New York State, which includes Service along with Boardman's, Tehan and Consumers Distributing (U.S.), saw Present during the past Christmas holiday period run about 200 TV spots weekly in the Rochester area and about 100 spots each weekly in Albany and Binghamton. Six flyers were also distributed during this period, which accounts for about 45% of the company sales, the prospectus reported.

Present, in the fiscal year ended Feb. 2, had total sales of $38,666,757, up 28.6% from $30,076,037.

Operating income went up 103.9% to $1,743,893 from $855,629. Net earnings outpaced this gain, going up 114% to $816,000 from $381,000.

Showroom sales of $35,882,034 (or 92.8% of total volume) were up 26.4% from $28,398,363 (or 94.4% of sales). A company subsidiary that designs and sells yachts had volume of $2,783,723 (or 7.2% of sales), up 70% from $1,677,674 (or 5.6% of sales).

Operating income from the catalog business of $1,467,545 (or 84.2% of total operating income) was up 92.8% from $761,691 (or 89.1% of operating earnings).

Discounters Called No. 1 In Pesticides, Fertilizers

FAIRFIELD, N.J. — Discount stores are the No. 1 retail segment for consumer pesticides and fertilizers with 31% of 1984 sales.

Their sales in the area should rise as the $1.4 billion industry grows to $1.9 billion (in manufacturers' dollars) by 1989, according to research by Charles H. Kline.

Insecticides, rodenticides and herbicides are forecast to be the strongest growth categories with potting soil sales falling.

The second most popular retail outlet for these plant accessories is the lawn and garden center with 23% of 1984 sales.

Closeout Stores Are Closing in on 780 Total This Year

(Continued from page 1)

Building 19 and Hudson Salvage are increasing their use of closeouts, often in limited quantities that can't be used by larger chains.

Two chains—Odd Lot and Consolidated Stores—will drive the industry's growth by together unveiling more than 100 stores. Reflecting the "firstest with the mostest" expansion philosophy common in other retailing segments, each is striving to become the leading closeout chain in terms of units and markets served.

Overall, the top 30 closeout chains will unveil more than 160 stores this year and at least that number in 1986.

Seven chains, including Odd Lot and Consolidated Stores, will account for about 88% of that growth by opening 142 units.

The maturing of the industry from a highly entrepreneurial business into one of rapidly expanding, professionally managed chains hasn't affected the profitability of closeout merchandising, company executives said.

Pic 'n' Save, the largest chain in sales, has been public for more than a decade. It had an off year in 1984 as net income remained flat at $36.5 million while sales went up 3.5%. Net earnings as a percentage of sales slipped to 15.5% from 16%.

C.O.M.B., which went public just over 18 months ago and rapidly added retail stores to what had been a mail-order and wholesale business, saw sales go up 88%, while net income jumped 152%.

Consolidated Stores went public just two months ago and has an extensive growth program under way. It reported a similar sales and earnings story for last year: volume went up 113.8% while net income outpaced this with a 465.3% increase.

It's this profit potential that attracted discounter Mars into the closeout field through the launching late last year of Big Value stores. Previously, discounter Glosser Brothers started Dollar Bargain as its closeout arm.

Big Value's four stores were opened for only a short time last year and generated $1.3 million in sales, but the 10 projected for this year are expected to do about $15 million.

Dollar Bargain opened 11 stores during the course of 1983; they generated $5 million in sales. But the growth to 27 units by the end of last year was accompanied by a sales jump to $23 million.

Both discounters have set up separate merchandising and operating staffs for their closeout business. The moves, executives said, reflect the unique nature of closeout retailing and each discounter's effort to strengthen the specific niche that their closeout arms have marked out.

Both companies are among the handful that focus exclusively on closeouts, eschewing the heavy use of continuity goods and imports.

An Odd Job executive said the basic concept of the industry is to merchandise the limited quantities of closeouts, overruns and even salvage goods available from manufacturers to offer customers a better value for their money.

Its most faithful followers today tend to be the small chains that still have original family entrepreneurial involvement and use the small quantities that are passed up by the large chains.

The move into continuity goods and imports gives customers a broader selection of merchandise and reason to shop more often, said a Wags executive.

This is especially true when a closeouter has to draw against large discount and conventional department stores.

Located only in the New York market, Wags relies on continuity items like name brand health & beauty aids for about 30% of its mix.

Consolidated Stores faces the need to feed a network of stores that will hit the 100-unit mark by year's end. Continuity consumer items like paint, batteries, electric wire, pet food, hand tools and Christmas goods account for nearly 10% of sales.

Beside enabling closeouters to offer an expanded assortment, imported goods—primarily from the Orient—help these chains to boost the bottom line. Foreign manufacturers even take booths in various trade shows to sell closeouters direct to save retailers the middleman importer charge.

At Pick 'n' Save, imports account for about 15% of the goods purchased, according to a recent prospectus. A C.O.M.B. 10-K filing reported "a significant portion" of the goods the company sells in foreign-made, primarily from the Orient. Exact figures on imports weren't available from executives at either chain.

The Top 30 Closeout Chains

Chain (and headquarters)	Sales (Millions) Last Completed Fiscal Year	Sales (Millions) Prev. Completed Fiscal Year	Number of Stores January 1985	Number of Stores December 1985	To Be Added in 1986
Pic 'n' Save (Carson, Calif.)	$235.1	$227.1	90	95	5
Odd Lot (New York)	200.0	155.8	134	195	60
C.O.M.B. (Minneapolis) [a]	59.3	32.5	15	27	20
Tuesday Morning (Dallas)	41.3	37.3	70	77	10
Building 19 (Hingham, Mass.)	39.0	36.0	6	7	1
Job Lot Trading (New York)	35.0	33.0	5	10	2
Odd Job (New York)	35.0	25.0	7	7	2
Consolidated Stores (Columbus, Ohio) [b]	34.3	3.7	54	100	25
Railroad Salvage (Meriden, Conn.)	31.5	28.0	6	6	1
Unclaimed Freight (Bethlehem, Pa.)	29.7	23.0	13	13	0
Dollar Bargain (Johnstown, Pa.)	23.0	5.0	27	29	1
U.S. Factory Outlet (New York)	22.5	6.4	17	23	16
TVI (Bellevue, Wash.) [c]	20.0	18.0	25	29	3
Dee & Dee (New York)	19.0	19.0	14	14	0
Hudson Salvage (Lural, Miss.)	15.0	12.0	9	11	1
Marden's (Waterville, Maine)	15.0	15.0	6	6	1
Don Gage (Jamestown, N.Y.)	12.0	12.0	3	3	0
Oceanstate Jobbers (North Kingston, R.I.)	10.0	8.0	5	6	2
Walls Bargain Center (Shawnee, Okla.)	10.0	9.0	12	13	1
Insurance Liquidators (Rockford, Ill.)	9.0	6.9	8	8	0
Marin Surplus (San Rafael, Calif.)	8.5	8.0	4	4	0
Carolina Enterprises (Ashville, N.C.) [d]	8.0	6.5	24	27	6
Amazing Stores (Norwalk, Conn.)	8.0	6.5	4	5	0
County Dump (North Lindenhurst, N.Y.)	7.0	5.0	3	3	0
Dollar Discount (Boothwyn, Pa.)	7.0	7.0	8	8	0
Dollar Saver (Ponca City, Okla.)	6.5	5.0	6	6	0
Sunny's Surplus (Baltimore)	6.3	6.3	17	20	0
Rockwell Salvage (Linden, N.J.)	6.0	5.0	5	6	1
Wags (Rochelle Park, N.J.)	5.1	4.2	6	8	2
Sands Salvage (Farmingdale, N.Y.)	5.0	5.0	3	3	0

[a] Retail and mail-order sales only; total volume, including wholesale sales, was $63.8 million last year and $32.5 million in the previous year. [b] Retail sales only; total volume, including wholesale sales, was $48.8 million last year and $20.9 million in the previous year. Stores operate under the Odd Lot and Big and Little Lots name. [c] Stores operate under the Thrift Village and Value Village names. [d] Stores operate under the MFG Outlets and Army Stores name.

Source: DSN Research.

Discount Leaders Support Reagan's Tax Plan

(Continued from page 3)

ny before the House Ways and Means Committee late last month.

Arguing that "the current corporate tax system is full of inequities," Dewar told Congress that "most capital-intensive industries are able to take advantage of tax deductions which drastically reduce their effective tax rate, while most labor-intensive industries" such as retailing "have few deductions and pay high effective tax rates in comparison."

Citing newspaper reports which described his chain as "the eighth largest payer of federal income taxes in 1984," Dewar said this statistic dramatized "the unequal tax burden that results from the differing tax breaks available to differing industries under the current federal corporate income tax laws."

"K mart is a major retailer, but in fairness we should not by any standard be ranked the eighth largest taxpayer," he told the committee.

Citing a specific example of the uneven treatment afforded retailers under the present tax system, Dewar noted that K mart's $1.3 billion in profits over the past three years were only half those earned by Du Pont.

"But under current corporate and federal income tax laws, K mart—a retail chain—paid $554 million, while the twice-as-profitable Du Pont—a chemical company—paid only $100 million in federal income taxes," he said.

That difference reflects a variety of tax breaks, such as Investment Tax Credits and accelerated depreciation schedules which tend to benefit manufacturers far more than retailers and other service industries.

Reagan's "reform" proposal would reduce or eliminate many of those corporate tax deductions altogether.

Discounters Try to Reduce Swelling Health Care Costs

(Continued from page 3)

Last year, health care costs at Service Merchandise rose only 5%, far below the figure commonly cited by other discounters, as a result of initial steps taken to curb costs in 1983, commented Gregg Conroy, manager of employee benefits.

As of 1985, the cataloger initiated 100% coverage for hospital preadmission testing to encourage testing on an outpatient basis. Best Products took that step in September 1984.

In addition, employees can now sign up for a mail-order prescription program for nonemergency medication. Employees can mail away for up to a 90-day supply of medication at a cost far less than the 20% copayment required under the comprehensive medical program; the company receives the benefit of being charged for the medication at an average wholesale price, explained Conroy.

The initial steps two years ago had raised a yearly $100 deductible to $150 (with a maximum deductible of $450 per family) and made a second opinion before surgery mandatory (with the penalty of a reduced co-payment for foregoing that or going ahead with surgery despite advice otherwise.)

Many retailers are also giving their employees the option of enrolling in HMOs (Health Maintenance Organizations), which provide unlimited coverage for a fixed membership fee, and PPOs (Preferred Provider Organizations). PPOs consists of a number of providers—or doctors—operating out of separate offices, sharing either discounted or highly competitive rates for their services.

Although Conroy does not see a lot of cost saving for Service Merchandise in HMOs, the company continues to be involved in 16 organizations and will become involved in nine others this fall. "We feel that it's appropriate to give employees a choice," he said. For example, an HMO might be a good option for families with small children with frequent minor illnesses, he said.

For the PPO program, which began last November, Service has established a $50 deductible and a 90% co-insurance benefit because employees opted for more cost-conscious providers.

At Richway and Gold Circle, mandatory second opinions on surgery and prehospital admission certification went into effect early last month. These programs are an extension of their parent Federated Department Stores' policy of offering 100% reimbursement for outpatient treatment.

At T.G & Y., a program launched last year that payed 100% reimbursement for home care services that reduced hospital stays at least one day, saved the company $70,000 in the last quarter of 1984, said Dierdre Smith, medical claims supervisor.

Chains Encourage Employee 'Wellness'

(Continued from page 3)

Federated, for one, is beginning to explore options like providing smoking cessation, diet control and stress management classes, and arranging corporate discounts for employees to join physical fitness centers.

Rose's, which is investigating the possibility of conducting various health-oriented seminars, has started posting notices on bulletin boards and conducting meetings on health issues with store associates. "That is probably going to be our short term approach as opposed to anything new and dramatic," said Tom Hannon, manager of personnel administration.

A T.G. & Y. headquarters, where free blood pressure testing and subsidized flu shots have been offered periodically for several years, employees were recently offered free eye screening and glaucoma tests. "It might not have saved a lot of money [for the company], but it made people aware," said Johnnie Perry, enrollment supervisor.

Wal-Mart, which offers employees use of its fitness center at its Bentonville, Ark., headquarters, also promoted attention to physical fitness in its Wal-Mart World newsletter, for example, outlining in its May 1985 issue which foods are the most nutritious.

At Service Merchandise, an employee assistance program has been in place several years now, with two staff people appointed to promote wellness and coordinate clinics.

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Clover, Lancaster, Pa., ups soft lines profile with towel wall (top), as Bradlees, Mill Creek, Del., boosts hard lines profile with expanded electronics section (bottom). *(DSN photos)*

Clover, Bradlees Bows Presage Battle For Philly

By BETH A. SEXER and MARTIN BROCHSTEIN

PHILADELPHIA — The major skirmishes for the hearts and minds of metropolitan Philadelphia shoppers have yet to begi n, but two of the primary players gave an indication of their latest thinking last month with store openings on the outskirts of the region.

More Clover photos, p. 72

Clover, the local power, opened its 20th store, an 85,000-sq.-ft. unit in a regional mall in Lancaster, Pa., about 60 miles from Philadelphia.

Bradlees, which has acquired the 18 Jefferson Ward locations around the City of Brotherly Love, opened its first units in the market, 80,000-sq.-ft. stores in Mill Creek, Del., and Horsham, Pa.

Those two are joined in the battle by K mart and Jamesway, with several stores ringing the market, and the forthcoming entry of Caldor, which has announced it will open its first area store in the market this fall.

Warren White, executive vp and general manager of Clover, said he's confident the entry of Bradlees and Caldor into Clover's turf will not eat into the hometown chain's business.

"Near-term and longer-term, I don't see much effect at all," he insisted. He noted that Bradlees has said it will take nearly two years to fully convert the Jefferson Ward stores into smoothly running Bradlees stores, and that the effect of a single Caldor store in the area would be minimal. Longer-

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Chains Plunge Into Atlanta, Vie For Shallow Labor Pool

By AL HELLER

ATLANTA — While retailers' competition for the consumer's dollar is reaching a fever pitch here, planned market entries and major expansions by discounters here are setting the stage for another battle.

The number of new stores, say chain executives, is beginning to put a strain on the pool of available labor, and retailers have started to seek new recruiting methods while trying to keep total payroll costs at bay.

The sizzling market is getting hotter, with PACE, Circuit City and Upton's expanding here in 1985 and 1986. They'll intensify already fierce competition for store workers among the likes of Richway, Makro, K mart, Zayre, Ellman's, Home Depot and Wal-Mart. On top of that, Dayton Hudson will flex its muscle here soon with debuts of R. G. Branden's, Mervyn's and Lechmere.

Richway is using store marquees more to announce openings, has expanded interviewing hours at stores, qualifies new workers for benefits sooner and trains 80% of its store employees to operate IBM minicomputers at the front end, says senior vp for human resources Buell Rollins.

Makro this year has raised starting hourly wages in this market to $4.10 from $3.90, and hires students as young as 17 from local public and private high schools and junior colleges.

PACE, the membership warehouse chain, snared some people from Richway, partly by raising starting wages here from $4 to $4.50-$8 an hour, based on position and experience, an executive said.

Virtually all retailers are advertising more, said Tina Knight, employment advertising manager at the *Atlanta Constitution*. Employment advertising there rose 12.5% year-to-date through June to 5.47 million lines. "The retailing need is so great that we were able to run four additional pages over a pair of Sundays in traditionally slow July—two under the 'food service' banner and two under 'retailing opportunities,'" she said.

Discounters are taking these steps to combat the voracious appetite of fast-food chains, whose inducements include: child care for returning housewives on the midday shift; starting salaries as high as $6 an hour on night shifts; credit toward college tuition based on hours worked, and $25 sign-up bonuses.

Ironically, Atlanta's economic health is at the root of this superheated employment situation. The unemployment rate here has stayed low, in the 5%-6% range the past year, and about half that in the surging

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Would Reportedly Become Builders Squares

Hear K mart Deals For 16 Jeff Wards

TROY, Mich. — K mart is currently negotiating to purchase 16 or 17 of the remaining 23 Jefferson Ward stores in Florida for its Builders Square home center warehouse chain, *DSN* has learned.

Specifics of the deal, in terms of price and locations, were not disclosed at presstime. However, a K mart spokesman and an executive at Jefferson Ward confirmed that K mart officials were in Florida recently to negotiate the acquisition.

The 23 Jefferson Ward stores range in size from 70,000 sq. ft. to 166,000 sq. ft. Almost half of the remaining units are in the 150,000-sq.-ft area—ideal, said industry sources, for Builders Square units, which generally average 90,000 sq. ft.

Many of the Jefferson Ward units are already near existing K marts, and industry sources report most of the Jefferson Ward sites would be converted to Builders Square.

Officials at the28-unit Builders Square chain could not be reached for comment at presstime but the San Antonio-based warehouse home improvement retailers had previously pegged Florida as a prime growth market. The chain currently operates two Florida units, in Daytona Beach and Pensacola.

Several other discounters including Wal-Mart, Target and Richway, were also looking at the Florida locations but were reportedly outbid by K mart.

IN BRIEF

• **CHILD WORLD, THE MOST SUCCESSFUL RETAIL SEG**ment of privately held Cole National, is going public again. The Avon, Mass.-based toy retailer is being spun off in hopes of raising approximately $35 million from the sale of 2,125,000 shares of company-owned stock, at a proposed $16.25 per share. The funds generated are expected to finance future expansion.

• **SERVICE MERCHANDISE HAS OPENED ITS FIRST** showroom in New York City, a 30,000-sq.-ft. store in Queens. A similar sized unit is due to be opened in the fall of '86 on Staten Island, as its second showroom in the city.

• **C. DAVID BIRDWELL HAS BEEN NAMED PRESIDENT** and chief executive officer of Maxway, succeeding the retiring J. Craig Dodson. Birdwell was vice president and gmm. C. Wilson Sawyer has been named executive vp and chief operating officer. He had been vp for store operations.

Sporting Goods Buyers Limber Up, Hopefully, For a Better Year

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